MPI & Poverty Reduction Strategies

Session 6
Adopting MPI for the Design, Targeting & Evaluation of Social Protection Strategies
— Global Lessons —
Where We Are

- Countries worldwide adopt MPIs to track their socio-economic progress
- MPIs play a crucial role in countries’ regular Voluntary National Reviews (VNRs) filed with UNDP on their SDG progress.
- Latin America has been at the forefront of adopting MPIs for the design & evaluation of public policies and the targeting of social programmes.
Case for Adopting MPIs in Policymaking

- MPIs hold great promise for ensuring informed policymaking.
- MPI targeting can yield fewer inclusion & exclusion errors.
- MPIs facilitate policy coordination.
- MPIs enhance civil participation in identifying & addressing manifestations of poverty, and alleviation strategies.
- MPI is a tool for assessing national information systems & facilitating governance accountability.
Country Experiences (Selected)

- Bhutan: allocating national resources to local governments
- Chile: informing public policies for housing, targeting of housing benefits & assistance with repairs, identifying educationally deprived households for aid targeting
- China: coordinating policies & targeting the most deprived hhds
- Colombia: policy coordination; targeting of rapid food & cash assistance
- Costa Rica: budget development for 18 programmes from 14 institutions, household-level aid targeting, coordinating policies, and implementing novel initiatives
- Guatemala: MPI will inform social programs & improve program targeting
• Honduras: targeting poverty at the territorial level
• Mexico: aid targeting at local level
• Panama: designing & improving policies, allocating resources across regions
• Pakistan: planning, resource allocation, monitoring of social programmes
• Philippines: identifying beneficiaries of targeted assistance programs
• Sierra Leone: deriving national development priorities
• South Africa: SAMPI will be the official permanent poverty measure
• Vietnam: targeting poor within communes
Prospects in the Arab Region

- Consultations are progressing between ESCWA & states on the construction & adoption of national MPIs.
- The MPI Assist Tool (MAT) will enable states to construct their national MPI, evaluate their status & project developmental changes.
- MPI will assist states to properly measure deprivation, locate pockets of poverty, allocate funding, assess the effectiveness of particular policies, and identify innovative poverty-reduction strategies at national & subnational levels.
MPI Simulation
— COVID19 Impact —

— Applications to Lebanon, Iraq & Palestine —
Three Simulation Types

- Apply a positive/negative shock on the micro data
- Compute the MPI after shock (The Lebanon case)

- Decide the aggregate MPI reduction target
- Get the best (3) intervention approaches (The Optimization case)

- Relate the aggregate poverty change to macro economic change (The cases of Iraq, Palestine)
Simulation 1 – The Case of Lebanon

- Baseline Scenario - 2019

- Quick assessment insights (WFP 2020)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Shock Magnitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Attendance</td>
<td>-5%</td>
</tr>
<tr>
<td>Access to Medication</td>
<td>-64.50%</td>
</tr>
<tr>
<td>Access to Medical Services</td>
<td>-42.50%</td>
</tr>
<tr>
<td>ICT Assets</td>
<td>-5%</td>
</tr>
<tr>
<td>Mobility Assets</td>
<td>-4%</td>
</tr>
<tr>
<td>Domestic/ Livelihood Assets</td>
<td>-9%</td>
</tr>
<tr>
<td>Employment</td>
<td>-40.50%</td>
</tr>
<tr>
<td>School Attendance</td>
<td>-5%</td>
</tr>
<tr>
<td>Income</td>
<td>Change in CPI adjusted poverty line</td>
</tr>
</tbody>
</table>
### 2019-2020 Comparative Statics

<table>
<thead>
<tr>
<th>Dimension</th>
<th>2019</th>
<th>MPI</th>
<th>Average Intensity (A)</th>
<th>Poverty Headcount (H)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>0.11</td>
<td>0.27</td>
<td>0.41</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.23</td>
<td>0.30</td>
<td>0.73</td>
</tr>
</tbody>
</table>

**Lebanon 2019**
- **MPI**: 0.112
- **Poverty Headcount**: 41.1%
- **Average Intensity**: 27.3%

### Education (augmented)
- **Education (augmented)**
  - **Reading (satisfactory)**: 5.36% Δ -38.8%
  - **Writing (satisfactory)**: 5.36% Δ -15.2%
  - **Mathematics (satisfactory)**: 5.36% Δ -12.2%

### Health (augmented)
- **Health (augmented)**
  - **Health (satisfactory)**: 5.95% Δ -37.8%

### Services (augmented)
- **Services (augmented)**
  - **Health Services (satisfactory)**: 5.95% Δ -9.3%
  - **Education Services (satisfactory)**: 5.95% Δ -8.5%

### Housing (augmented)
- **Housing (augmented)**
  - **Housing (satisfactory)**: 5.95% Δ -4.4%

### Assets (augmented)
- **Assets (augmented)**
  - **Assets (satisfactory)**: 5.95% Δ -4.9%

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Simulation 3 – The Cases of Iraq, Palestine

- Dimensions of a multidimensional poverty index (MPI) should be modeled separately, with differentiated trends & impacts on MPI
- Dimensions are linked by a function reflecting complementarities
- The aim is to produce a realistic profile of development amid shocks
- The method helps states forecast multidimensional poverty under various scenarios for developmental shocks
- & help them formulate measures addressing the projected gaps
To apply the method, use:

- MPI framework
- 2+ harmonized surveys: Palestinian Expenditure & Consumption Surveys 2011, 2016; or Iraqi Multiple Indicator Cluster Surveys 2011, 2018

The model reproduces the MPI values accurately in both years – despite the 5-7 year window.

COVID-19 pandemic has set human development back by some 7 years.
Contribution of Indicators, Palestine

Contribution of each indicator in 2011

Contribution of each indicator in 2016

Contribution of each indicator in 2021

Monetary poverty
Safety
Housing
Health
Employment
Freedom
Education

0.0 0.1 0.2 0.3

Monetary poverty
Employment
Housing
Education
Freedom
Health
Safety

0.0 0.1 0.2 0.3 0.4

Monetary poverty
Education
Employment
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Thank you!